

September 17, 2010

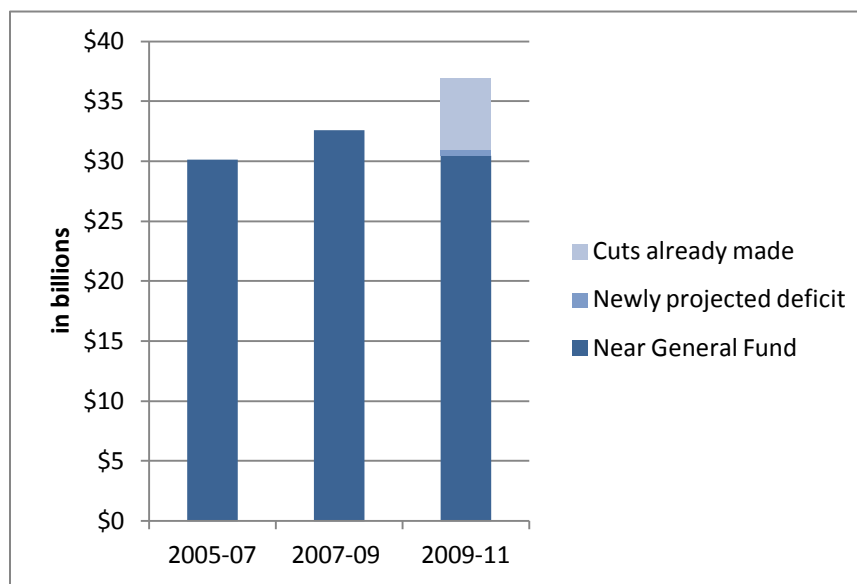


## WASHINGTON STATE BUDGET CUTS \$5.2 BILLION – AND COUNTING

Over 3 budget years from 2009 to 2011, Washington State has grappled with a \$12 billion shortfall between the projected need for public services and state revenues – which have plunged because of the recession. Federal stimulus money and the rainy day fund made up some of the difference, and the state raised \$918 million with tighter standards and new taxes. Still, Washington's legislature has cut \$5.2 billion, impacting schools, childcare centers, health clinics, assisted living facilities, families, and individuals across the state.

Despite continued population growth, inflation, and increased needs caused by the recession, Washington's 2-year General Fund budget for 2009-11 is barely above the 2005-07 level and \$2.7 billion below the amount originally budgeted for 2007-09 – an 8% drop.

### WASHINGTON'S GENERAL FUND BIENNIAL BUDGET, 2005-11

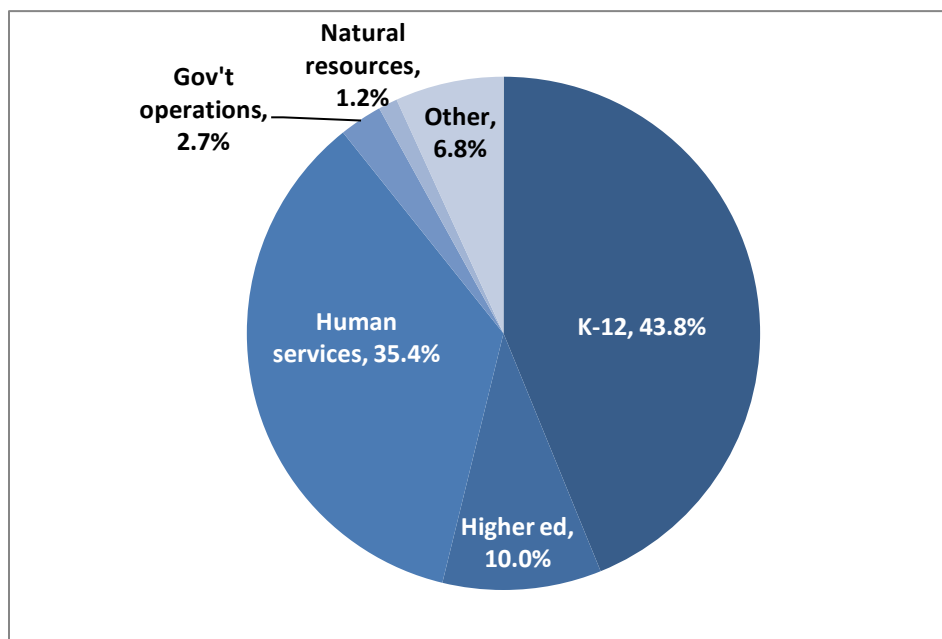


*Note: Includes "Near General Fund" Accounts, such as Student Achievement, Education Legacy, Health Services, and Violence Reduction. Sources: Washington Office of Financial Management and LEAP*

More budget cuts are being made. Recovery from the national recession slowed over the summer. As a result, state tax receipts have continued to fall below expectations. Revenues for the 2009-11 budget, which runs through June 2011, now are projected to be \$770 million less than expected last spring. The state will have to cut – or raise – an additional \$516 million in the current budget to prevent a deficit. Governor Gregoire has asked all state agencies to prepare to implement further across-the-board cuts of 6.3% October 1, 2010.

The 2011-13 budget which the legislature will adopt when it returns to Olympia in January 2011 is expected to have a hole of \$4.5 billion in addition to all of the reductions already made.

## WASHINGTON'S GENERAL FUND SPENDING BY CATEGORY, 2009-11



Source: Washington Legislative Evaluation and Accountability Program Committee

### General government cuts include:

- \$428 million in staff reductions, travel and hiring freezes, mandatory unpaid furloughs, and efficiencies
- \$430 million in deferred public employee pension contributions
- \$123 million in criminal justice consolidations and alternative sentencing
- \$56 million from recreation and natural resource management

### Education cuts include:

- \$632 million in higher education
- \$479 million in I-728 student achievement funding
- \$369 million in I-732-approved teacher cost of living adjustments
- \$127 million in learning improvement days and professional development

### Health cuts include:

- \$236 million from the Basic Health Plan for low income working adults – reducing enrollment by 40,000
- \$33 million in nursing home and personal care services
- \$75 million in hospital reimbursement rate decreases
- \$44.5 million in mental health reductions
- \$54 million in children's vaccines.

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Sources: Washington Legislative Evaluation and Accountability Program Committee, Budget Notes for 2009 and for 2010 Supplemental Budget, [http://leap.leg.wa.gov/leap/budget/index\\_lbns.asp](http://leap.leg.wa.gov/leap/budget/index_lbns.asp); Washington Economic and Revenue Forecast Council, Economic Review, September 16, 2010, <http://www.ercf.wa.gov/forecast/documents/rev20100916color.pdf>; Washington Office of Financial Management, Transforming Washington's Budget, "The State's 2009-11 Budget Expressed as Six Values," July 2010, [http://www.governor.wa.gov/priorities/budget/2009\\_11\\_budget\\_six\\_values.pdf](http://www.governor.wa.gov/priorities/budget/2009_11_budget_six_values.pdf)